

U.S. Return of Partnership Income

OMB No. 1545-0099

For calendar year 2004, or tax year beginning 01-01, 2004, and ending 12-31, 20 04.
▶ See separate instructions.

2004

A Principal business activity CHAIR MFG	Use the IRS label. Otherwise, print or type.	Name of partnership PONIES AND PETUNIAS PARTNERSHIP	D Employer identification number 40-4240010
B Principal product or service CHAIRS		Number, street, and room or suite no. If a P.O. box, see page 14 of the instructions. 145 WEST PLAZA SQUARE SUITE 14	E Date business started 07-01-1999
C Business code number 337000		City or town, state, and ZIP code INDIANAPOLIS IN 46206-0111	F Total assets (see page 14 of the instructions) \$ 767,987

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☒ Name change (4) ☒ Address change (5) ☐ Amended return
H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **2**

Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

I n c o m e	1 a Gross receipts or sales	1a	1,011,314		
	b Less returns and allowances	1b	10,000	1c	1,001,314
	2 Cost of goods sold (Schedule A, line 8)			2	452,000
	3 Gross profit. Subtract line 2 from line 1c			3	549,314
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)			4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			5	
	6 Net gain (loss) from Form 4797, Part II, line 17			6	19,036
	7 Other income (loss) (attach schedule)			7	
	8 Total income (loss). Combine lines 3 through 7			8	568,350
D e d u c t i o n s (see page 16 of the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)			9	75,000
	10 Guaranteed payments to partners			10	26,000
	11 Repairs and maintenance			11	10,000
	12 Bad debts			12	
	13 Rent			13	12,000
	14 Taxes and licenses			14	15,000
	15 Interest			15	
	16 a Depreciation (if required, attach Form 4562)	16a	108,969		
	b Less depreciation reported on Schedule A and elsewhere on return	16b		16c	108,969
	17 Depletion (Do not deduct oil and gas depletion.)			17	
	18 Retirement plans, etc.			18	
19 Employee benefit programs			19	45,000	
	20 Other deductions (attach schedule)			20	
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			21	291,969
	22 Ordinary business income (loss). Subtract line 21 from line 8			22	276,381

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.			
	Signature of general partner or limited liability company member manager		Date	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code		EIN	
			Phone no.	

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2004)

Form 1065 (2004)

Page 2

Schedule A Cost of Goods Sold (see page 19 of the instructions)

1	Inventory at beginning of year	1	55,000
2	Purchases less cost of items withdrawn for personal use	2	400,000
3	Cost of labor	3	37,000
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	492,000
7	Inventory at end of year	7	40,000
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	452,000

9 a Check all methods used for valuing closing inventory:

(i) ☒ Cost as described in Regulations section 1.471-3(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4(iii) ☐ Other (specify method used and attach explanation) ▶b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ☐c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation.

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input checked="" type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶		
2	Are any partners in this partnership also partnerships?		<input checked="" type="checkbox"/>
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		<input checked="" type="checkbox"/>
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1	<input checked="" type="checkbox"/>	
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See page 20 of the instructions		<input checked="" type="checkbox"/>
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
8	Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?		<input checked="" type="checkbox"/>
9	At any time during calendar year 2004, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See page 21 of the instructions		<input checked="" type="checkbox"/>
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership on page 9 of the instructions		<input checked="" type="checkbox"/>
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		0

Designation of Tax Matters Partner (see page 21 of the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	PARTNER ONE	Identifying number of TMP ▶	123-45-6789
Address of designated TMP ▶	85 CHESAPEAKE DRIVE INDIANAPOLIS IN 46206		

Schedule K		Partners' Distributive Share Items		Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)		1	276,381
	2	Net rental real estate income (loss) (attach Form 8825)		2	3,589
	3a	Other gross rental income (loss)	3a 1,500		
	b	Expenses from other rental activities (attach statement) STATEMENT # 1	3b 203		
	c	Other net rental income (loss). Subtract line 3b from line 3a		3c	1,297
	4	Guaranteed payments		4	26,000
	5	Interest Income		5	3,325
	6	Dividends: a Ordinary dividends		6a	1,111
		b Qualified dividends	6b 667		
	7	Royalties		7	412
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))		8	(2,400)
Deductions	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))		9a	5,000
	b	Collectibles (28%) gain (loss)	9b 1,000		
	c	Unrecaptured section 1250 gain (attach statement) STATEMENT # 2	9c 854		
	10	Net section 1231 gain (loss) (attach Form 4797)		10	(2,155)
	11	Other income (loss) (attach statement) STATEMENT # 3		11	4,000
	12	Section 179 deduction (attach Form 4562)		12	55,000
	13a	Contributions		13a	
	b	Deductions related to portfolio income (attach statement) STATEMENT # 4		13b	735
	c	Investment interest expense		13c	114
	d	Section 59(e)(2) expenditures: (1) Type (2) Amount		13d(2)	
	e	Other deductions (attach statement) STATEMENT # 5		13e	3,028
Self-Employment	14a	Net earnings (loss) from self-employment		14a	284,642
	b	Gross farming or fishing income		14b	
	c	Gross nonfarm income		14c	
Credits & Credit Recapture	15a	Low-income housing credit (section 42(j)(5))		15a	
	b	Low-income housing credit (other)		15b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)		15c	
	d	Other rental real estate credits		15d	
	e	Other rental credits		15e	
	f	Other credits and credit recapture (attach statement)		15f	
Foreign Transactions	16a	Name of country or U.S. possession			
	b	Gross income from all sources		16b	
	c	Gross income sourced at partner level		16c	
		Foreign gross income sourced at partnership level			
	d	Passive e Listed categories (attach statement) f General limitation		16f	
		Deductions allocated and apportioned at partner level			
	g	Interest expense h Other		16h	
		Deductions allocated and apportioned at partnership level to foreign source income			
	i	Passive j Listed categories (attach statement) k General limitation		16k	
	l	Foreign taxes: (1) Paid (2) Accrued		16l(2)	
m	Reduction in taxes available for credit (attach statement)		16m		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment		17a	8,634
	b	Adjusted gain or loss		17b	
	c	Depletion (other than oil and gas)		17c	1,234
	d	Oil, gas, and geothermal properties-gross income		17d	9,999
	e	Oil, gas, and geothermal properties-deductions		17e	2,222
	f	Other AMT items (attach statement)		17f	
Other Information	18a	Tax-exempt interest income		18a	
	b	Other tax-exempt income		18b	
	c	Nondeductible expenses		18c	
	19a	Distributions of cash and marketable securities		19a	310,596
	b	Distributions of other property		19b	
	20a	Investment income		20a	10,048
	b Investment expenses		20b	102	
	c	Other items and amounts (attach statement) STATEMENT # 6			

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13e, and 16l(1) or 16l(2)						1	258,683
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		200,820					
b Limited partners			58,272				

Note: Schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered "Yes."

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			56,000		74,000
2 a Trade notes and accounts receivable		75,000		22,000	
b Less allowance for bad debts		2,500	72,500		22,000
3 Inventories			55,000		40,000
4 U.S. government obligations			10,000		10,000
5 Tax-exempt securities					
6 Other current assets (attach statement) . . . STATEMENT # 7			1,500		1,500
7 Mortgage and real estate loans					
8 Other investments (attach statement) . . . STATEMENT # 8			47,000		
9 a Buildings and other depreciable assets		585,000		797,000	
b Less accumulated depreciation		67,544	517,456	231,513	565,487
10 a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)			55,000		55,000
12 a Intangible assets (amortizable only)					
b Less accumulated amortization					
13 Other assets (attach statement)					
14 Total assets			814,456		767,987
Liabilities and Capital					
15 Accounts payable			52,000		67,000
16 Mortgages, notes, bonds payable in less than 1 year			37,000		45,000
17 Other current liabilities (attach statement) . . . STATEMENT # 9					20,788
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more			297,456		285,112
20 Other liabilities (attach statement)					
21 Partners' capital accounts			428,000		350,087
22 Total liabilities and capital			814,456		767,987

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1 Net income (loss) per books	232,683	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)	26,000	7 Deductions included on Schedule K, lines 1 through 13e, 16l(1), and 16l(2), not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13e, 16l(1), and 16l(2) (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	258,683
5 Add lines 1 through 4	258,683		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	428,000	6 Distributions: a Cash	310,596
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	232,683	8 Add lines 6 and 7	310,596
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	350,087
5 Add lines 1 through 4	660,683		

1 Show the kind and location of each property. See page 2 for additional properties.

A APT BUILDING
145 COMMUNITY ZONE DRIVE

B _____

C _____

D _____

Rental Real Estate Income		Properties			
		A	B	C	D
2	Gross rents	2 8,797			
Rental Real Estate Expenses					
3	Advertising	3			
4	Auto and travel	4			
5	Cleaning and maintenance	5			
6	Commissions	6			
7	Insurance	7			
8	Legal and other professional fees	8			
9	Interest	9 5,208			
10	Repairs	10			
11	Taxes	11			
12	Utilities	12			
13	Wages and salaries	13			
14	Depreciation (see instructions)	14			
15	Other (list) ▶ _____ _____ _____	15			
16	Total expenses for each property. Add lines 3 through 15	16 5,208			

17 Total gross rents. Add gross rents from line 2, columns A through H 17 8,797

18 Total expenses. Add total expenses from line 16, columns A through H 18 (5,208)

19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities 19

20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) 20a

b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:

(1) Name	(2) Employer identification number
_____	_____
_____	_____
_____	_____

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:

λ Form 1065 or 1120S: Schedule K, line 2, or 21 3,589
λ Form 1065-B: Part I, line 4

SCHEDULE D
(Form 1065)

Department of the Treasury
Internal Revenue Service

Name of partnership

Capital Gains and Losses

Attach to Form 1065.

OMB No. 1545-0099

2004

Employer identification number

PONIES AND PETUNIAS PARTNERSHIP

40-4240010

Part I Short-Term Capital Gains and Losses - Assets Held 1 Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (year, month, day)	(c) Date sold (year, month, day)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
SHORT TERM STOCK	20040630	20041031	6,000	3,000	3,000
SHORT TERM LOSS	20040118	20040814	1,000	6,400	(5,400)

2	Short-term capital gain from installment sales from Form 6252, line 26 or 37	2
3	Short-term capital gain (loss) from like-kind exchanges from Form 8824	3
4	Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts	4
5	Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 1065, Schedule K, line 8 or 11	5 (2,400)

Part II Long-Term Capital Gains and Losses - Assets Held More Than 1 Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (year, month, day)	(c) Date sold (year, month, day)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
LONG TERM STOCK	19990101	20040630	10,000	6,000	4,000
28% CAP GAIN	19950815	20040918	1,800	800	1,000

7	Long-term capital gain from installment sales from Form 6252, line 26 or 37	7
8	Long-term capital gain (loss) from like-kind exchanges from Form 8824	8
9	Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts	9
10	Capital gain distributions	10
11	Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f). Enter here and on Form 1065, Schedule K, line 9a or 11	11 5,000

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue ServiceTax year beginning 01-01, 2004
and ending 12-31, 20 04Partner's Share of Income, Deductions,
Credits, etc.

▶ See separate instructions.

2004

☐ Final K-1☐ Amended K-1

6511

OMB No. 1545-0099

Part I Information About the Partnership

A	Partnership's employer identification number
40-4240010	
B	Partnership's name, address, city, state, and ZIP code
PONIES AND PETUNIAS PARTNERSHIP	
145 WEST PLAZA SQUARE SUITE 14	
INDIANAPOLIS IN 46206-0111	
C	IRS Center where partnership filed return
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)
E	<input type="checkbox"/> Tax shelter registration number, if any
F	<input type="checkbox"/> Check if Form 8271 is attached

Part II Information About the Partner

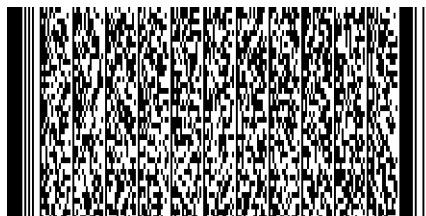
G	Partner's identifying number																				
123-45-6789																					
H	Partner's name, address, city, state, and ZIP code																				
PARTNER ONE																					
85 CHESAPEAKE DRIVE																					
INDIANAPOLIS IN 46206																					
I	<input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member																				
J	<input type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner																				
K	What type of entity is this partner? INDIVIDUAL																				
L	Partner's share of profit, loss, and capital:																				
<table><thead><tr><th></th><th>Beginning</th><th></th><th>Ending</th><th></th></tr></thead><tbody><tr><td>Profit</td><td>75.000000</td><td>%</td><td>75.000000</td><td>%</td></tr><tr><td>Loss</td><td>75.000000</td><td>%</td><td>75.000000</td><td>%</td></tr><tr><td>Capital</td><td>75.000000</td><td>%</td><td>75.000000</td><td>%</td></tr></tbody></table>			Beginning		Ending		Profit	75.000000	%	75.000000	%	Loss	75.000000	%	75.000000	%	Capital	75.000000	%	75.000000	%
	Beginning		Ending																		
Profit	75.000000	%	75.000000	%																	
Loss	75.000000	%	75.000000	%																	
Capital	75.000000	%	75.000000	%																	
M	Partner's share of liabilities at year end:																				
Nonrecourse \$																					
Qualified nonrecourse financing . . . \$																					
Recourse \$																					
N	Partner's capital account analysis:																				
Beginning capital account* \$ 321,000																					
Capital contributed during the year . . . \$																					
Current year increase (decrease) . . . \$ 174,512																					
Withdrawals & distributions \$ (232,947)																					
Ending capital account \$ 262,565																					
<input type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book																					
<input type="checkbox"/> Other (explain)																					

Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits & credit recapture
207,286			
2	Net rental real estate income (loss)		
2,692			
3	Other net rental income (loss)	16	Foreign transactions
*	973		
4	Guaranteed payments		
26,000			
5	Interest income		
2,494			
6a	Ordinary dividends		
833			
6b	Qualified dividends		
500			
7	Royalties		
309			
8	Net short-term capital gain (loss)		
(1,800)			
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
3,750		A	6,476
9b	Collectibles (28%) gain (loss)	C	926
750		*	STMT
9c	Unrecaptured section 1250 gain		
*	641		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
(1,616)			
11	Other income (loss)		
A	3,000		
12	Section 179 deduction	19	Distributions
41,250		A	232,947
13	Other deductions		
G	296		
H	256		
*	STMT		
14	Self-employment earnings (loss)	20	Other information
A	213,482	A	7,536
		B	77
		Q*	203

*See attached statement for additional information.

FOR USE ONLY



This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:	Enter on		
Passive loss	See the Partner's Instructions		
Passive income	Schedule E, line 28, column (g)		
Nonpassive loss	Schedule E, line 28, column (h)		
Nonpassive income	Schedule E, line 28, column (j)		
2. Net rental real estate income (loss)	See the Partner's Instructions		
3. Other net rental income (loss)			
Net income	Schedule E, line 28, column (g)		
Net loss	See the Partner's Instructions		
4. Guaranteed payments	Schedule E, line 28, column (j)		
5. Interest income	Form 1040, line 8a		
6a. Ordinary dividends	Form 1040, line 9a		
6b. Qualified dividends	Form 1040, line 9b		
7. Royalties	Schedule E, line 4		
8. Net short-term capital gain (loss)	Schedule D, line 5, column (f)		
9a. Net long-term capital gain (loss)	Schedule D, line 12, column (f)		
9b. Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)		
9c. Unrecaptured section 1250 gain	See the Partner's Instructions		
10. Net section 1231 gain (loss)	See the Partner's Instructions		
11. Other income (loss)			
Code			
A Other portfolio income (loss)	See the Partner's Instructions		
B Involuntary conversions	See the Partner's Instructions		
C Sec. 1256 contracts & straddles	Form 6781, line 1		
D Mining exploration costs recapture	See Pub. 535		
E Cancellation of debt	Form 1040, line 21 or Form 982		
F Other income (loss)	See the Partner's Instructions		
12. Section 179 deduction	See the Partner's Instructions		
13. Other deductions			
A Cash contributions (50%)	Schedule A, line 15		
B Cash contributions (30%)	Schedule A, line 15		
C Noncash contributions (50%)	Schedule A, line 16		
D Noncash contributions (30%)	Schedule A, line 16		
E Capital gain property to a 50% organization (30%)	Schedule A, line 16		
F Capital gain property (20%)	Schedule A, line 16		
G Deduction-portfolio (2% floor)	Schedule A, line 22		
H Deductions-portfolio (other)	Schedule A, line 27		
I Investment interest expense	Form 4952, line 1		
J Deductions-royalty income	Schedule E, line 18		
K Section 59(e)(2) expenditures	See Partner's Instructions		
L Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 31		
M Educational assistance benefits	See the Partner's Instructions		
N Dependent care benefits	Form 2441, line 12		
O Preproductive period expenses	See the Partner's Instructions		
P Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions		
Q Penalty on early withdrawal of savings	Form 1040, line 33		
R Pensions and IRAs	See the Partner's Instructions		
S Reforestation expense deduction	See the Partner's Instructions		
T Other deductions	See the Partner's Instructions		
14. Self-employment earnings (loss)			
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.			
A Net earnings (loss) from self-employment	Schedule SE, Section A or B		
B Gross farming or fishing income	See the Partner's Instructions		
C Gross non-farm income	See the Partner's Instructions		
15. Credits & credit recapture			
A Low-income housing credit (section 42(j)(5))	Form 8586, line 5		
B Low-income housing credit (other)	Form 8586, line 5		
C Qualified rehabilitation expenditures (rental real estate)	Form 3468, line 1		
D Qualified rehabilitation expenditures (other than rental real estate)	Form 3468, line 1		
E Basis of energy property	Form 3468, line 2		
F Qualified timber property	Form 3468, line 3		
G Other rental real estate credits	See the Partner's Instructions		
H Other rental credits	See the Partner's Instructions		
Code			
I Undistributed capital gains credit	Enter on		
J Work opportunity credit	Form 1040, line 69, box a		
K Welfare-to-work credit	Form 5884, line 3		
L Disabled access credit	Form 8861, line 3		
M Empowerment zone and renewal community employment credit	Form 8826, line 7		
N New York Liberty Zone business employee credit	Form 8844, line 3		
O New markets credit	Form 8884, line 3		
P Credit for employer social security and Medicare taxes	Form 8874, line 2		
Q Backup withholding	Form 8846, line 5		
R Recapture of low-income housing credit (section 42(j)(5))	Form 1040, line 63		
S Recapture of low-income housing credit (other)	Form 8611, line 8		
T Recapture of investment credit	Form 8611, line 8		
U Other credits	See Form 4255		
V Recapture of other credits	See the Partner's Instructions		
16. Foreign transactions			
A Name of country or U.S. possession	Form 1116, Part I		
B Gross income from all sources	Form 1116, Part I		
C Gross income sourced at partner level	Form 1116, Part I		
Foreign gross income sourced at partnership level			
D Passive	Form 1116, Part I		
E Listed categories	Form 1116, Part I		
F General limitation	Form 1116, Part I		
Deductions allocated and apportioned at partner level			
G Interest expense	Form 1116, Part I		
H Other	Form 1116, Part I		
Deductions allocated and apportioned at partnership level to foreign source income			
I Passive	Form 1116, Part I		
J Listed categories	Form 1116, Part I		
K General limitation	Form 1116, Part I		
Other information			
L Total foreign taxes paid	Form 1116, Part II		
M Total foreign taxes accrued	Form 1116, Part II		
N Reduction in taxes available for credit	Form 1116, line 12		
O Foreign trading gross receipts	Form 8873		
P Extraterritorial income exclusion	Form 8873		
Q Other foreign transactions	See the Partner's Instructions		
17. Alternative minimum tax (AMT) items			
A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251		
B Adjusted gain or loss			
C Depletion (other than oil & gas)			
D Oil, gas, & geothermal-gross income			
E Oil, gas, & geothermal-deductions			
F Other AMT items			
18. Tax-exempt income and nondeductible expenses			
A Tax-exempt interest income	Form 1040, line 8b		
B Other tax-exempt income	See the Partner's Instructions		
C Nondeductible expenses	See the Partner's Instructions		
19. Distributions			
A Cash and marketable securities	See the Partner's Instructions		
B Other property	See the Partner's Instructions		
20. Other information			
A Investment income	Form 4952, line 4a		
B Investment expenses	Form 4952, line 5		
C Fuel tax credit information	Form 4136		
D Look-back interest-completed long-term contracts	Form 8697		
E Look-back interest-income forecast method	Form 8866		
F Dispositions of property with section 179 deductions	See the Partner's Instructions		
G Recapture of section 179 deduction			
H Special basis adjustments			
I Section 453(l)(3) information			
J Section 453A(c) information			
K Section 1260(b) information			
L Interest allocable to production expenditures			
M CCF nonqualified withdrawals			
N Information needed to figure depletion-oil and gas			
O Amortization of reforestation costs			
P Unrelated business taxable income			
Q Other information			

2004

Form 1065 Schedule K-1 Supplemental Information

STM099

Partner - PARTNER ONE

ID Number - 123-45-6789

PG01

Name(s) shown on return

Identifying Number

PONIES AND PETUNIAS PARTNERSHIP

40-4240010

Line 1 - Ordinary business income(loss)

No Statement Required

Line 2 - Net rental real estate income(loss)

No Statement Required

Line 3B - Expenses from other rental activities

CODE DESCRIPTION	AMOUNT
0 her gross rental income(loss)	1,125
ADVERTISING	76
AUTO AND TRAVEL	77
TOTAL:	1,278

Line 4 - Guaranteed payments

No Statement Required

Line 5 - Interest income

No Statement Required

Line 6a - Ordinary dividends

No Statement Required

Line 6b - Qualified dividends

No Statement Required

Line 7 - Royalties

No Statement Required

Line 8 - Net short-term capital gain(loss)

No Statement Required

Line 9a - Net long-term capital gain(loss)

No Statement Required

Line 9b - Collectibles(28%) gain(loss)

No Statement Required

Line 9 - Unrecaptured Sect 1250 Gain

CODE DESCRIPTION	AMOUNT
UNRECAPTURED SECTION 1250 GAIN	641
TOTAL:	641

Form 1065 Schedule K-1 Supplemental Information		2004
Partner - PARTNER ONE	ID Number - 123-45-6789	STM099
Name(s) shown on return		PG02
PONIES AND PETUNIAS PARTNERSHIP		Identifying Number 40-4240010

Line 10 - Net section 1231 gain(loss)
No Statement Required

Line 11 - Other Income(loss) (Detail)
CODE DESCRIPTION

AMOUNT

Line 12 - Section 179 deduction
No Statement Required

Line 13 - Other Deductions

CODE DESCRIPTION	AMOUNT
T AMOUNT PAID FOR MEDICAL INSURANCE	417
T EDUCATIONAL ASSISTANCE BENEFITS	152
T DEPENDENT CARE BENEFITS	311
T PREPRODUCTIVE PERIOD EXPENSES	198
T COMM REVITALIZATION DEDUCTION FROM RENTAL REAL ESTATE	275
T PENALTY ON EARLY WITHDRAWAL OF SAVINGS	365
T PENSIONS AND IRAS	167
T REFORESTATION	187
T TOTAL:	2,071

Line 13 - Other Deductions

CODE DESCRIPTION	AMOUNT
I Investment interest expense	86
J Deductions-royalty income	200
T* Other deductions	2,071
TOTAL:	2,909

Line 17 - Other AMT items

CODE DESCRIPTION	AMOUNT
D Oil, gas, & geothermal-gross income	7,499
E Oil, gas, & geothermal-deductions	1,667
TOTAL:	16,568

Line 20 - Other information items

CODE DESCRIPTION	AMOUNT
Q FUEL TAX CREDIT	8
Q LOOK-BACK INTEREST-COMPLETED LONG-TERM CONTRACTS	9
Q LOOK-BACK INTEREST-INCOME FORECAST METHOD	10
Q DISPOSITIONS OF PROPERTY WITH SECT 179 DED	11
Q RECAPTURE OF SECT 179 DEDUCTIONS	11
Q SPECIAL BASIS ADJUSTMENTS	12
Q SECTION 453(I) (3) INFORMATION	13
Q SECTION 453A (C) INFORMATION	14
Q SECTION 1260 (B) INFORMATION	14
Q INTEREST ALLOCABLE TO PRODUCTION EXPENDITURES	15
Q CCP NONQUALIFIED WITHDRAWALS	16
Q INFORMATION NEEDED TO FIGURE DEPLETION - OIL/GAS	17
Q REFORESTATION COSTS	17
Q UNRELATED BUSINESS TAXABLE INCOME	18
Q OTHER INFORMATION	19
Q TOTAL:	203

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue ServiceTax year beginning 01-01, 2004
and ending 12-31, 20 04Partner's Share of Income, Deductions,
Credits, etc.

▶ See separate instructions.

2004

☐ Final K-1☐ Amended K-1

6511

OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number

40-4240010

B Partnership's name, address, city, state, and ZIP code

PONIES AND PETUNIAS PARTNERSHIP**145 WEST PLAZA SQUARE SUITE 14****INDIANAPOLIS****IN 46206-0111**

C IRS Center where partnership filed return

D ☐ Check if this is a publicly traded partnership (PTP)E ☐ Tax shelter registration number, if anyF ☐ Check if Form 8271 is attached**Part II** Information About the Partner

G Partner's identifying number

234-56-7890

H Partner's name, address, city, state, and ZIP code

PARTNER TWO**110 MONARCH DR****INDIANAPOLIS IN 46206**I ☐ General partner or LLC
member-manager☒ Limited partner or other LLC
memberJ ☐ Domestic partner☐ Foreign partnerK What type of entity is this partner? INDIVIDUAL

L Partner's share of profit, loss, and capital:

	Beginning		Ending	
Profit	25.000000	%	25.000000	%
Loss	25.000000	%	25.000000	%
Capital	25.000000	%	25.000000	%

M Partner's share of liabilities at year end:

Nonrecourse	• • • • •	\$	
Qualified nonrecourse financing	• • •	\$	
Recourse	• • • • •	\$	

N Partner's capital account analysis:

Beginning capital account*	• • • • •	\$	<u>107,000</u>
Capital contributed during the year	• • •	\$	
Current year increase (decrease)	• • •	\$	<u>58,171</u>
Withdrawals & distributions	• • • • •	\$	<u>(77,649)</u>
Ending capital account	• • • • •	\$	<u>87,522</u>

☐ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)**Part III**Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1 Ordinary business income (loss)

69,095

2 Net rental real estate income (loss)

897

3 Other net rental income (loss)

* 324

4 Guaranteed payments

5 Interest income

831

6a Ordinary dividends

278

6b Qualified dividends

167

7 Royalties

103

8 Net short-term capital gain (loss)

(600)

9a Net long-term capital gain (loss)

1,250

9b Collectibles (28%) gain (loss)

250

9c Unrecaptured section 1250 gain

* 214

10 Net section 1231 gain (loss)

(539)

11 Other income (loss)

A 1,000

12 Section 179 deduction

13,750

13 Other deductions

G 99H 85* STMT

14 Self-employment earnings (loss)

A 71,161

15 Credits & credit recapture

16 Foreign transactions

17 Alternative minimum tax (AMT) items

A 2,159C 309* STMT18 Tax-exempt income and
nondeductible expenses

19 Distributions

A 77,649

20 Other information

A 2,512B 26Q* 68

*See attached statement for additional information.

FOR
IRS
USE
ONLY

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:	Enter on	
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (j)	
2. Net rental real estate income (loss)	See the Partner's Instructions	
3. Other net rental income (loss)		
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
4. Guaranteed payments	Schedule E, line 28, column (j)	
5. Interest income	Form 1040, line 8a	
6a. Ordinary dividends	Form 1040, line 9a	
6b. Qualified dividends	Form 1040, line 9b	
7. Royalties	Schedule E, line 4	
8. Net short-term capital gain (loss)	Schedule D, line 5, column (f)	
9a. Net long-term capital gain (loss)	Schedule D, line 12, column (f)	
9b. Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	
9c. Unrecaptured section 1250 gain	See the Partner's Instructions	
10. Net section 1231 gain (loss)	See the Partner's Instructions	
11. Other income (loss)		
Code		
A Other portfolio income (loss)	See the Partner's Instructions	
B Involuntary conversions	See the Partner's Instructions	
C Sec. 1256 contracts & straddles	Form 6781, line 1	
D Mining exploration costs recapture	See Pub. 535	
E Cancellation of debt	Form 1040, line 21 or Form 982	
F Other income (loss)	See the Partner's Instructions	
12. Section 179 deduction	See the Partner's Instructions	
13. Other deductions		
A Cash contributions (50%)	Schedule A, line 15	
B Cash contributions (30%)	Schedule A, line 15	
C Noncash contributions (50%)	Schedule A, line 16	
D Noncash contributions (30%)	Schedule A, line 16	
E Capital gain property to a 50% organization (30%)	Schedule A, line 16	
F Capital gain property (20%)	Schedule A, line 16	
G Deduction-portfolio (2% floor)	Schedule A, line 22	
H Deductions-portfolio (other)	Schedule A, line 27	
I Investment interest expense	Form 4952, line 1	
J Deductions-royalty income	Schedule E, line 18	
K Section 59(e)(2) expenditures	See Partner's Instructions	
L Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 31	
M Educational assistance benefits	See the Partner's Instructions	
N Dependent care benefits	Form 2441, line 12	
O Preproductive period expenses	See the Partner's Instructions	
P Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	
Q Penalty on early withdrawal of savings	Form 1040, line 33	
R Pensions and IRAs	See the Partner's Instructions	
S Reforestation expense deduction	See the Partner's Instructions	
T Other deductions	See the Partner's Instructions	
14. Self-employment earnings (loss)		
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
A Net earnings (loss) from self-employment	Schedule SE, Section A or B	
B Gross farming or fishing income	See the Partner's Instructions	
C Gross non-farm income	See the Partner's Instructions	
15. Credits & credit recapture		
A Low-income housing credit (section 42(j)(5))	Form 8586, line 5	
B Low-income housing credit (other)	Form 8586, line 5	
C Qualified rehabilitation expenditures (rental real estate)	Form 3468, line 1	
D Qualified rehabilitation expenditures (other than rental real estate)	Form 3468, line 1	
E Basis of energy property	Form 3468, line 2	
F Qualified timber property	Form 3468, line 3	
G Other rental real estate credits	See the Partner's Instructions	
H Other rental credits	See the Partner's Instructions	
Code		
I Undistributed capital gains credit	Enter on	
J Work opportunity credit	Form 1040, line 69, box a	
K Welfare-to-work credit	Form 5884, line 3	
L Disabled access credit	Form 8861, line 3	
M Empowerment zone and renewal community employment credit	Form 8826, line 7	
N New York Liberty Zone business employee credit	Form 8844, line 3	
O New markets credit	Form 8884, line 3	
P Credit for employer social security and Medicare taxes	Form 8874, line 2	
Q Backup withholding	Form 8846, line 5	
R Recapture of low-income housing credit (section 42(j)(5))	Form 1040, line 63	
S Recapture of low-income housing credit (other)	Form 8611, line 8	
T Recapture of investment credit	Form 8611, line 8	
U Other credits	See Form 4255	
V Recapture of other credits	See the Partner's Instructions	
16. Foreign transactions		
A Name of country or U.S. possession	Form 1116, Part I	
B Gross income from all sources	Form 1116, Part I	
C Gross income sourced at partner level	Form 1116, Part I	
Foreign gross income sourced at partnership level		
D Passive	Form 1116, Part I	
E Listed categories	Form 1116, Part I	
F General limitation	Form 1116, Part I	
Deductions allocated and apportioned at partner level		
G Interest expense	Form 1116, Part I	
H Other	Form 1116, Part I	
Deductions allocated and apportioned at partnership level to foreign source income		
I Passive	Form 1116, Part I	
J Listed categories	Form 1116, Part I	
K General limitation	Form 1116, Part I	
Other information		
L Total foreign taxes paid	Form 1116, Part II	
M Total foreign taxes accrued	Form 1116, Part II	
N Reduction in taxes available for credit	Form 1116, line 12	
O Foreign trading gross receipts	Form 8873	
P Extraterritorial income exclusion	Form 8873	
Q Other foreign transactions	See the Partner's Instructions	
17. Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal-gross income		
E Oil, gas, & geothermal-deductions		
F Other AMT items		
18. Tax-exempt income and nondeductible expenses		
A Tax-exempt interest income	Form 1040, line 8b	
B Other tax-exempt income	See the Partner's Instructions	
C Nondeductible expenses	See the Partner's Instructions	
19. Distributions		
A Cash and marketable securities	See the Partner's Instructions	
B Other property	See the Partner's Instructions	
20. Other information		
A Investment income	Form 4952, line 4a	
B Investment expenses	Form 4952, line 5	
C Fuel tax credit information	Form 4136	
D Look-back interest-completed long-term contracts	Form 8697	
E Look-back interest-income forecast method	Form 8866	
F Dispositions of property with section 179 deductions	See the Partner's Instructions	
G Recapture of section 179 deduction		
H Special basis adjustments		
I Section 453(l)(3) information		
J Section 453A(c) information		
K Section 1260(b) information		
L Interest allocable to production expenditures		
M CCF nonqualified withdrawals		
N Information needed to figure depletion-oil and gas		
O Amortization of reforestation costs		
P Unrelated business taxable income		
Q Other information		

2004

Form 1065 Schedule K-1 Supplemental Information

STM099

Partner - PARTNER TWO

ID Number - 234-56-7890

PG01

Name(s) shown on return

Identifying Number

PONIES AND PETUNIAS PARTNERSHIP

40-4240010

Line 1 - Ordinary business income(loss)

No Statement Required

Line 2 - Net rental real estate income(loss)

No Statement Required

Line 3B - Expenses from other rental activities

CODE DESCRIPTION	AMOUNT
0 her gross rental income(loss)	375
ADVERTISING	25
AUTO AND TRAVEL	26
TOTAL:	426

Line 5 - Interest income

No Statement Required

Line 6a - Ordinary dividends

No Statement Required

Line 6b - Qualified dividends

No Statement Required

Line 7 - Royalties

No Statement Required

Line 8 - Net short-term capital gain(loss)

No Statement Required

Line 9a - Net long-term capital gain(loss)

No Statement Required

Line 9b - Collectibles(28%) gain(loss)

No Statement Required

Line 9 - Unrecaptured Sect 1250 Gain

CODE DESCRIPTION	AMOUNT
UNRECAPTURED SECTION 1250 GAIN	214
TOTAL:	214

Line 10 - Net section 1231 gain(loss)

No Statement Required

Form 1065 Schedule K-1 Supplemental Information		2004
Partner - PARTNER TWO		STM099
ID Number - 234-56-7890		PG02
Name(s) shown on return	Identifying Number	
PONIES AND PETUNIAS PARTNERSHIP	40-4240010	

Line 11 - Other Income(loss) (Detail)

CODE DESCRIPTION	AMOUNT
------------------	--------

Line 12 - Section 179 deduction

No Statement Required

Line 13 - Other Deductions

CODE DESCRIPTION	AMOUNT
T AMOUNT PAID FOR MEDICAL INSURANCE	139
T EDUCATIONAL ASSISTANCE BENEFITS	51
T DEPENDENT CARE BENEFITS	104
T PREPRODUCTIVE PERIOD EXPENSES	66
T COMM REVITALIZATION DEDUCTION FROM RENTAL REAL ESTATE	92
T PENALTY ON EARLY WITHDRAWAL OF SAVINGS	122
T PENSIONS AND IRAS	56
T REFORESTATION	62
T TOTAL:	690

Line 13 - Other Deductions

CODE DESCRIPTION	AMOUNT
I Investment interest expense	29
J Deductions-royalty income	67
T* Other deductions	690
TOTAL:	970

Line 17 - Other AMT items

CODE DESCRIPTION	AMOUNT
D Oil, gas, & geothermal-gross income	2,500
E Oil, gas, & geothermal-deductions	556
TOTAL:	5,524

Line 20 - Other information items

CODE DESCRIPTION	AMOUNT
Q FUEL TAX CREDIT	3
Q LOOK-BACK INTEREST-COMPLETED LONG-TERM CONTRACTS	3
Q LOOK-BACK INTEREST-INCOME FORECAST METHOD	3
Q DISPOSITIONS OF PROPERTY WITH SECT 179 DED	4
Q RECAPTURE OF SECT 179 DEDUCTIONS	4
Q SPECIAL BASIS ADJUSTMENTS	4
Q SECTION 453(I) (3) INFORMATION	4
Q SECTION 453A (C) INFORMATION	5
Q SECTION 1260 (B) INFORMATION	5
Q INTEREST ALLOCABLE TO PRODUCTION EXPENDITURES	5
Q CCP NONQUALIFIED WITHDRAWALS	5
Q INFORMATION NEEDED TO FIGURE DEPLETION - OIL/GAS	6
Q REFORESTATION COSTS	6
Q UNRELATED BUSINESS TAXABLE INCOME	6
Q OTHER INFORMATION	6
Q TOTAL:	68

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

2004Attachment
Sequence No. **67**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

PONIES AND PETUNIAS PARTNERSHIP**FORM 1065****40-4240010****Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1	\$102,000
2	Total cost of section 179 property placed in service (see page 3 of the instructions)	2	212,000
3	Threshold cost of section 179 property before reduction in limitation	3	\$410,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 3 of the instructions	5	102,000
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6 OFFICE EQUIPMENT		55,000	55,000
7 Listed property. Enter the amount from line 29		7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		8	55,000
9 Tentative deduction. Enter the smaller of line 5 or line 8		9	55,000
10 Carryover of disallowed deduction from line 13 of your 2003 Form 4562		10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11	102,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		12	55,000
13 Carryover of disallowed deduction to 2005. Add lines 9 and 10, less line 12 . ▶		13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Deduction Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14	47,100
15	Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16	Other depreciation (including ACRS) (see page 4 of the instructions)	16	

Part III MACRS Depreciation (Do not include listed property.) (See page 5 of the instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2004	17	39,889
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B - Assets Placed in Service During 2004 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		109,900	5	HY	200 DB	21,980
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C - Assets Placed in Service During 2004 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see page 8 of the instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr. . . .	22	108,969
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

2004

Attachment
Sequence No. 27

Name(s) shown on return

Identifying number

PONIES AND PETUNIAS PARTNERSHIP

40-4240010

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2004 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (yr., mo., day)	(c) Date sold (yr., mo., day)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 BUSINESS ASSET LOSS	19971128	20041215	10,000		10,375	(375)
BUSINESS LOSS LESS T	20040317	20040927	10,000		15,036	(5,036)

- 3 Gain, if any, from Form 4684, line 39
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
- 6 Gain, if any, from line 32, from other than casualty or theft
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:

3

4

5

6

7

(5,411)

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions)
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions)

8

9

Part II Ordinary Gains and Losses

- 10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

- 11 Loss, if any, from line 7
- 12 Gain, if any, from line 7 or amount from line 8, if applicable
- 13 Gain, if any, from line 31
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824
- 17 Combine lines 10 through 16

11

12

13

19,036

14

15

16

17

19,036

- 18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions

18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (yr., mo., day)	(c) Date sold (yr., mo., day)
A BUSINESS ASSET	2000-02-23	2004-06-27
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20 19,036			
21 Cost or other basis plus expense of sale	21 25,000			
22 Depreciation (or depletion) allowed or allowable	22 25,000			
23 Adjusted basis. Subtract line 22 from line 21	23			
24 Total gain. Subtract line 23 from line 20	24 19,036			
25 If section 1245 property:				
a Depreciation allowed or allowable from line 22	25a 25,000			
b Enter the smaller of line 24 or 25a	25b 19,036			
26 If section 1250 property: If straight line depreciation was used, enter 0- on line 26g, except for a corporation subject to section 291.				
a Additional depreciation after 1975 (see instructions)	26a			
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d Additional depreciation after 1969 and before 1976	26d			
e Enter the smaller of line 26c or 26d	26e			
f Section 291 amount (corporations only)	26f			
g Add lines 26b, 26e, and 26f	26g			
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a Soil, water, and land clearing expenses	27a			
b Line 27a multiplied by applicable percentage (see instr.)	27b			
c Enter the smaller of line 24 or 27b	27c			
28 If section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b Enter the smaller of line 24 or 28a	28b			
29 If section 1255 property:				
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	19,036
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	19,036
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation. See instructions	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

**Application for Automatic Extension of Time
To File U.S. Return for a Partnership, REMIC,
or for Certain Trusts**

OMB No. 1545-1054

Department of the Treasury
Internal Revenue Service

► **File a separate application for each return.**

**Type or
print.**

**File by the due
date for filing
the return for
which an
extension is
requested. See
instructions.**

Name

PONIES AND PETUNIAS PARTNERSHIP

Employer identification number

40-4240010

Number, street, and room or suite no. If a P.O. box, see instructions.

145 WEST PLAZA SQUARE SUITE 14

City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.

INDIANAPOLIS, IN 46206

1 I request an automatic **3-month** extension of time to file (check only one):

☐ Form 1041 ☐ Form 1041-N ☐ Form 1041-QFT ☒ Form 1065 ☐ Form 1065-B ☐ Form 1066

2 If the entity does not have an office or place of business in the United States, check this box ► ☐

3a For the calendar year 20 **04** , or other tax year beginning **01-01** , 20 ____ , and ending **12-31** , 20 **04** .

b If this tax year is for less than 12 months, check reason:

☐ Initial return ☐ Final return ☐ Change in accounting period

4 If this extension is requested for Form 1041, 1041-N, 1041-QFT, 1065-B, or 1066, enter the following amounts:

a Tentative total tax from Form 1041, 1041-N, 1041-QFT, 1065-B, or 1066 (see instructions) \$ _____

b Refundable credits and estimated tax payments, including any prior year overpayment allowed as a credit, from Form 1041, 1041-N, 1041-QFT, or 1065-B (see instructions). REMICs, enter -0- \$ _____

c Balance due. Subtract line 4b from line 4a. If zero or less, enter -0-. Enclose payment, if any, with Form 8736 (see instructions) ► \$ **0**

Caution: Interest will be charged on any tax not paid by the regular due date of Forms 1041, 1041-N, 1041-QFT, 1065-B, and 1066 from the due date until the tax is paid.

Schedule K, Line 3a and 3b
Expenses from other Rental Activities

Name as shown on return	EIN
PONIES AND PETUNIAS PARTNERSHIP	40-4240010

Kind **BULL DOZER**
Address _____

Gross rents (carries to Schedule K, line 3a)	<u>1,500</u>
Advertising	<u>101</u>
Auto and travel	<u>102</u>
Cleaning and maintenance	_____
Commissions	_____
Insurance	_____
Legal and other professional fees	_____
Interest	_____
Repairs	_____
Taxes	_____
Utilities	_____
Wages and salaries	_____
Depreciation	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total expenses (carries to Schedule K, Line 3b)	<u>203</u>
Net rental	<u>1,297</u>



PARTNERSHIP NAME

FEDERAL IDENTIFICATION NUMBER

U.S. Portfolio Income

- 15** U.S. portfolio income, not including capital gains from U.S. Form 1065, Schedule K, lines 5, 6a, 7 and other portfolio income or loss. ▶ 15
- 16** Interest on U.S. debt obligations included in line 15. ▶ 16
- 17** 5.3% interest from Massachusetts banks included in line 15. ▶ 17
- 18** Interest (other than Massachusetts bank interest) and dividend income included in line 15. ▶ 18
- 19** Non-Massachusetts state and municipal bond interest. ▶ 19
- 20** Royalty income included in line 15. ▶ 20
- 21** Other income included in line 15. ▶ 21

Massachusetts Capital Gains and Losses

- 22** Total short-term capital gains included in U.S. Form 1065, Schedule D, line 5. ▶ 22
- 23** Total short-term capital losses included in U.S. Form 1065, Schedule D, line 5. ▶ 23
- 24** Gain on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less from U.S. Form 4797. ▶ 24
- 25** Loss on the sale, exchange or involuntary conversion of property used in a trade or business and held one year or less from U.S. Form 4797. ▶ 25
- 26** Net long-term capital gain or loss from U.S. Form 1065, Schedule K, line 9a. ▶ 26
- 27** Long-term section 1231 gains or losses not included in line 26. ▶ 27
- 28** Long-term gains on collectibles and pre-1996 installment sales included in line 26. ▶ 28
- 29** Adjustments, if any, including any gain or loss from Massachusetts fiduciaries to lines 22 through 28. Enter the line number from U.S. Form 1065 that the adjustment applies to and enter the amount.

a. Line number	<input type="text"/>	Amount	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
b. Line number	<input type="text"/>	Amount	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. Line number	<input type="text"/>	Amount	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total adjustments ▶ 29																			



PARTNERSHIP NAME

FEDERAL IDENTIFICATION NUMBER

Income Apportionment Schedule

2004

Complete the Income Apportionment Schedule only if: (a) there is one or more corporate or nonresident individual partner(s) and (b) income was derived from business activities in another state and (c) such activities provide such state with the jurisdiction to levy an income tax or a franchise tax.

City and state	Specify whether factory, sales office, warehouse, construction site, etc.	Accepts orders	Registered to do business in state	Files returns in state
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Apportionment Factors

1 Tangible property:

a. Property owned (averaged) Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
b. Property rented (capitalized) Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
c. Total property owned and rented Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
d. Tangible property apportionment percentage. Divide Massachusetts total by worldwide total (from line 1c) 1d			

2 Payroll:

a. Total payroll Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
b. Payroll apportionment percentage. Divide Massachusetts total payroll by worldwide total payroll (from line 2a) 2b			

3 Sales:

a. Tangibles Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
b. Services (including mutual fund sales) Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
c. Rents and royalties Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
d. Other Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
e. Total sales Massachusetts	<input type="text"/>	Worldwide	<input type="text"/>
f. Sales apportionment percentage. Divide Massachusetts total sales by worldwide total sales (from line 3e) 3f			

4 Apportionment percentage. Add lines 1d, 2b and 3f. 4

5 Massachusetts apportionment percentage. Divide line 4 by 3 5



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FOR PRIVACY ACT NOTICE,
SEE INSTRUCTIONS.

Calendar year filers enter 01-01-2004 and 12-31-2004 below. Fiscal year filers enter appropriate dates.

Tax year beginning (month-day-year)

MM DD YYYY

Tax year ending (month-day-year)

MM DD YYYY

Schedule 3K-1 Partner's Massachusetts Information**2004**

NAME OF PARTNER

ADDRESS

CITY/TOWN/POST OFFICE

TAXPAYER IDENTIFICATION NUMBER

STATE ZIP + 4

NAME OF PARTNERSHIP

ADDRESS

CITY/TOWN/POST OFFICE

FEDERAL IDENTIFICATION NUMBER (FID)

STATE ZIP + 4

The partnership must complete one Schedule 3K-1 for each partner.

If the partner is an individual, select the appropriate oval ☐ Resident ☐ Nonresident**Partner's Distributive Share**

▼ If showing a loss, mark an X in box at left

1	Massachusetts ordinary income or loss (from Form 3, line 8)	1	<input checked="" type="checkbox"/>						
2	Guaranteed payments to partners (deductible and capitalized) from U.S. Form 1065, Schedule K	2							
3	Separately stated deductions	3							
4	Combine lines 1 through 3	4	<input checked="" type="checkbox"/>						
5	Credits available								
	a. Taxes paid to another jurisdiction (residents only)	5a							
	b. Lead paint credit	5b							
	c. Economic opportunity area credit	5c							
	d. Full employment credit	5d							
	e. Brownfields credit	5e							
	f. Low-income housing credit	5f							
	g. Total credits	5g							
6	Net income or loss from rental real estate activity(ies) (from Form 3, line 11)	6	<input checked="" type="checkbox"/>						
7	Net income or loss from other rental activity(ies) (from Form 3, line 14)	7	<input checked="" type="checkbox"/>						
8	Interest from U.S. obligations (from Form 3, line 16)	8							
9	Interest (5.3%) from Massachusetts banks (from Form 3, line 17)	9							
10	Other interest and dividend income (from Form 3, line 18)	10							
11	Non-Massachusetts state and municipal bond interest (from Form 3, line 19)	11							
12	Royalty income (from Form 3, line 20)	12							
13	Other income (from Form 3, line 21)	13							
14	Short-term capital gains (from Form 3, line 22)	14							
15	Short-term capital losses (from Form 3, line 23)	15	<input checked="" type="checkbox"/>						
16	Gain on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less (from Form 3, line 24)	16							

BE SURE TO CONTINUE SCHEDULE 3K-1 ON OTHER SIDE.



TAXPAYER IDENTIFICATION NUMBER

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2004 SCHED. 3K-1, PAGE 2

17	Loss on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less (from Form 3, line 25)	17	<input checked="" type="checkbox"/>																	
18	Long term capital gain or loss (from Form 3, line 26)	18	<input checked="" type="checkbox"/>																	
19	Net gain or loss under Section 1231 (from Form 3, line 27)	19	<input checked="" type="checkbox"/>																	
20	Long-term gains on collectibles and pre-1996 installment sales (from Form 3, line 28)	20																		
21	Differences and adjustments (from Form 3, line 29)	21	<input checked="" type="checkbox"/>																	
Corporate Partner Information																				
22	State and municipal bond interest not included in U.S. net income	22																		
23	Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income	23																		
24	Other adjustments, if any	24																		
Reconciliation of Partner's Capital Account																				
25	Balance at the beginning of the year.	25	<input checked="" type="checkbox"/>																	
26	Massachusetts net income for the year	26	<input checked="" type="checkbox"/>																	
27	Entire net income for the year	27	<input checked="" type="checkbox"/>																	
28	Capital contributions	28																		
29	Withdrawals	29																		
30	Balance at end of year. Add lines 25, 27 and 28 and subtract line 29	30	<input checked="" type="checkbox"/>																	

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AUGUST 20, 2004
(SUBJECT TO CHANGE)



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FOR PRIVACY ACT NOTICE,
SEE INSTRUCTIONS.

Calendar year filers enter 01-01-2004 and 12-31-2004 below. Fiscal year filers enter appropriate dates.

Tax year beginning (month-day-year)

MM DD YYYY

Tax year ending (month-day-year)

MM DD YYYY

Schedule 3K-1 Partner's Massachusetts Information**2004**

NAME OF PARTNER

ADDRESS

CITY/TOWN/POST OFFICE

TAXPAYER IDENTIFICATION NUMBER

STATE ZIP + 4

NAME OF PARTNERSHIP

ADDRESS

CITY/TOWN/POST OFFICE

FEDERAL IDENTIFICATION NUMBER (FID)

STATE ZIP + 4

The partnership must complete one Schedule 3K-1 for each partner.

If the partner is an individual, select the appropriate oval ☐ Resident ☐ Nonresident**Partner's Distributive Share**

▼ If showing a loss, mark an X in box at left

1	Massachusetts ordinary income or loss (from Form 3, line 8)	1	<input checked="" type="checkbox"/>						
2	Guaranteed payments to partners (deductible and capitalized) from U.S. Form 1065, Schedule K	2							
3	Separately stated deductions	3							
4	Combine lines 1 through 3	4	<input checked="" type="checkbox"/>						
5	Credits available								
	a. Taxes paid to another jurisdiction (residents only)	5a							
	b. Lead paint credit	5b							
	c. Economic opportunity area credit	5c							
	d. Full employment credit	5d							
	e. Brownfields credit	5e							
	f. Low-income housing credit	5f							
	g. Total credits	5g							
6	Net income or loss from rental real estate activity(ies) (from Form 3, line 11)	6	<input checked="" type="checkbox"/>						
7	Net income or loss from other rental activity(ies) (from Form 3, line 14)	7	<input checked="" type="checkbox"/>						
8	Interest from U.S. obligations (from Form 3, line 16)	8							
9	Interest (5.3%) from Massachusetts banks (from Form 3, line 17)	9							
10	Other interest and dividend income (from Form 3, line 18)	10							
11	Non-Massachusetts state and municipal bond interest (from Form 3, line 19)	11							
12	Royalty income (from Form 3, line 20)	12							
13	Other income (from Form 3, line 21)	13							
14	Short-term capital gains (from Form 3, line 22)	14							
15	Short-term capital losses (from Form 3, line 23)	15	<input checked="" type="checkbox"/>						
16	Gain on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less (from Form 3, line 24)	16							

BE SURE TO CONTINUE SCHEDULE 3K-1 ON OTHER SIDE.



TAXPAYER IDENTIFICATION NUMBER

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2004 SCHED. 3K-1, PAGE 2

17	Loss on the sale, exchange, or involuntary conversion of property used in a trade or business held for one year or less (from Form 3, line 25)	17	<input checked="" type="checkbox"/>																	
18	Long term capital gain or loss (from Form 3, line 26)	18	<input checked="" type="checkbox"/>																	
19	Net gain or loss under Section 1231 (from Form 3, line 27)	19	<input checked="" type="checkbox"/>																	
20	Long-term gains on collectibles and pre-1996 installment sales (from Form 3, line 28)	20																		
21	Differences and adjustments (from Form 3, line 29)	21	<input checked="" type="checkbox"/>																	
Corporate Partner Information																				
22	State and municipal bond interest not included in U.S. net income	22																		
23	Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income	23																		
24	Other adjustments, if any	24																		
Reconciliation of Partner's Capital Account																				
25	Balance at the beginning of the year.	25	<input checked="" type="checkbox"/>																	
26	Massachusetts net income for the year	26	<input checked="" type="checkbox"/>																	
27	Entire net income for the year	27	<input checked="" type="checkbox"/>																	
28	Capital contributions	28																		
29	Withdrawals	29																		
30	Balance at end of year. Add lines 25, 27 and 28 and subtract line 29	30	<input checked="" type="checkbox"/>																	

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